

Are You Too Busy to Build a Healthy Book of Business?

By Susan Mintmire



We all know the rules of building a stable and profitable book of business:

- Have many different customers of varying sizes.
- Sell “deep and wide” into each account.
- Constantly prospect to open new accounts.
- Have a strong customer retention program.

Simple, right? Not so fast. In pursuing these goals, you could be committing some serious missteps that end up costing you valuable time. Don't fall into these traps:

1. Being an ‘Order Chaser.’

You know the feeling. The email lands in your in-box and it's one of your “cherry picking” customers. They are ready to reorder their Kimberly Clark C-fold towels, and have “generously” included you in their solicitation of three bids.

No matter how hard you try to differentiate yourself, they send every order out for bid, every time. Not only that, but you're only getting 2-3 SKUs from them, rather than a healthy product mix.

Breathing a sigh of frustration mixed with hope, you quickly pull up your cost data on the SKU and determine where you think you need to be in order to win the order. Sure, you'll end up giving it away at 11% GP, but it only takes a few minutes to put together

the quote. If you get the order, 11% of \$250 is better than nothing, isn't it?

Not necessarily.

How many of these transactional orders do you end up chasing each day? Each week? Each month?

How many of them end up requiring a product return, a replacement, or a collection call?

These activities end up sucking the minimal profitability right out of the order! You “feel” busy and productive investing time and effort to chase these orders, but your efforts aren't developing a long-term, loyal customer.

To increase the long-term value of your business you need a diverse portfolio of long-term, mutually beneficial customer relationships. You must be purposeful in your efforts to diversify your product mix and deepen your customer relationships to move from “vendor” to “partner.”

Action Item: Run your customer purchase history reports. Look for any that do not show a healthy mix of SKUs. Give yourself a deadline to diversify your product mix within 90 days. If you don't meet the goal, either walk away or change your service commitment to the customer.

continued on page 45 >>

2. Being a Jack of All Trades.

On the opposite end of the spectrum from the “order chasers” are the dealers who have invested so much time and energy into their top customers that they have become a “jack of all trades” for them.

Their customer relationships are deep and wide, which is great! But there are hidden costs associated with these relationships.

We’ve all done it. We’ve all been known to source an oddball item from Walmart or even Amazon for a special, important customer. We’ve all chased a custom job that required three separate vendors, multiple POs and an inordinate amount of time.

Would you have lost your customer if you hadn’t said “yes?” If not, ask yourself this: How many prospecting calls could you have made during the time it took you to drive to Walmart and back?

Perhaps you’re afraid to say no because it differentiates you from your competitors. But working on peripheral jobs is time consuming and makes for very busy days.

Running errands for your customers may feel more important than cold calling, prospecting or building new customer relationships, but ultimately it can be very costly.

Action Item: Look at your book of business and identify those customers that are both profitable and who are easy to serve.

Identify what characteristics those customers have in common, and commit to spending an hour each day prospecting customers with similar profiles.

As you grow this side of your business, you will find it easier to starting saying a gentle and professional “no” to your highest maintenance customers.

Here’s the irony: The jack of all trades dealer and the order chasing dealer have something in common. They are both spending time on the immediate and neglecting the important. Both are spending valuable time on orders that are “empty calories” with no long-term nutritional value.

Ultimately, your most profitable area falls somewhere in between both roles. You have to work hard to force yourself to focus on the important rather than the immediate. When you do, you will see a greater return on your time investment than ever before. You’ll see your book of business become healthier, more diverse and more profitable.

Susan Mintmire is president of OfficeZilla, LLC, a franchise company providing a full range of supports to help independent dealers adapt, grow and thrive in the quickly evolving OP industry. For more information, visit <http://Opportunity.OfficeZilla.com>.



Register Today For The 2016 BSA Annual Forum!



This year, the Forum will be held at the US Grant Hotel Sept. 7-8 in beautiful San Diego, California.

Everyone is talking about the Forum's new educational track on online merchandising.

Find out more: http://bit.ly/BSA_AF2016 today!